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ABSTRACT

A conference dealing with new enterprise and economic development initiatives today, Project NEED IT was designed to familiarize decision makers at all levels of the public, private, and educational sectors with the best new enterprise development projects being carried out in the United States today. During the conference, a series of papers and discussions focused on methods for launching innovative technology-based enterprises, ways of identifying and training potential entrepreneurs, means of helping minority group members and women to participate in entrepreneurship, procedures for starting a financing program, ways to finance for growth, proven techniques for strengthening entrepreneurs' management and technical skills, methods for helping firms explore entrepreneurial markets, and public and private partnerships. (This report comprises a discussion of Project NEED IT, a Project NEED IT conference agenda, a list of conference speakers, and profiles of 24 organizations manifesting exemplary strategies for accomplishing the eight entrepreneurship objectives and goals addressed during the conference.) (MN)

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ED246177

Project NEED IT

New Enterprise and Economic Development Initiatives Today

August 11-12, 1983

A Project of The Entrepreneurship Institute

Sheraton-Hartford Hotel
Hartford, Connecticut

NATIONAL ADVISORY COMMITTEE:

American Bankers Association
CTA – A Management Group
CONEG Policy Research Center
Minority Business Development Agency, U.S. Department of Commerce
National Congress for Community Economic Development
National Federation of Independent Business
National Urban League, Inc.
Northeast – Midwest Institute
Office of the Comptroller of the Currency
U.S. Department of Education
U.S. Department of Housing and Urban Development

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The Entrepreneurship Institute

NEW ENTERPRISE AND ECONOMIC DEVELOPMENT INITIATIVES TODAY

Welcome to Hartford, Connecticut, and Project NEED IT!

The Conference is structured to provide many opportunities for you to exchange views and ideas directly with those who have been selected to present their programs for assisting entrepreneurs and small businesses. Please feel free to join right in with the discussion.

The featured projects cover a wide range of support activities related to new enterprise development. However, they have one thing in common...they have responded to the needs and interests of small businesses in ways attractive to entrepreneurs. As in any new enterprise, we must first understand the market. The lesson is that anyone trying to help small businesses must first thoroughly understand how entrepreneurs perceive the world, what they think their needs are, under what circumstances they will accept assistance, and who they trust to help them. To proceed from any other basis in designing a small business assistance program is to invite disaster.

It is also important for those of us who work with entrepreneurs to accept the fact that entrepreneurial development is neither an art nor a science, but rather a combination of the two. Even though there are some common characteristics, every business is different and every entrepreneur is different. Consequently, we are often frustrated in our work with entrepreneurs because each situation presents a different set of problems and opportunities. Nevertheless, we should be encouraged to persevere in our efforts, because the characteristics that often make entrepreneurs difficult to deal with are the same traits that urge them forward to create new enterprises out of little more than ideas. Therefore, providing realistic guidance and understanding of business fundamentals and offering access to tangible resources are essential for new entrepreneurs' success.

It is also important to realize the point at which we should stop trying to help entrepreneurs, and simply get out of their way so they can "do their own thing." We are, after all, working towards the same objective...the creation and growth of healthy new enterprises.

Jan Wm. Zupnick
President

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Project NEED IT

New Enterprise and Economic
Development Initiatives Today

-A Project of the Entrepreneurship Institute-

Jan Wm. Zupnick
President

PROJECT OVERVIEW

The objective of Project NEED IT is to fill an information void that exists at the highest levels of public and private organizations responsible for new enterprise development. These decision-makers have had their interests and concerns heightened by federal government support for small business; research such as David Birch's that stresses the positive role played by new enterprise in the job creation process; and a general NEED to find ways to create jobs, stimulate growth or to offset declines of maturing industries. They have come to realize that an ignored avenue for long-term job growth, innovation and enhanced productivity lies in the stimulation of entrepreneurship and new business enterprise. Yet these same decision-makers are generally not aware of what can be done to stimulate new business enterprise and often find themselves spending significant amounts of money asking questions that have been asked many times before and thus not really learning much in the way of what they can do to fulfill their role in the new enterprise development area.

Project NEED IT has been designed to assist these decision-makers who represent federal and state governments, local chambers, universities, and private companies that deal with new enterprise, etc., by bringing together in one place a sampling of the best new enterprise development projects being carried out in the United States today.

The information exchange, which will take place during formal presentations, small group workshops and one-on-one discussions at the Conference, will enable attendees to discover, learn about, analyze and reach their own decisions on whether to implement entire projects or aspects of projects that will be presented at the Conference in their own communities.

RATIONALE

Recent studies have shown most new jobs being created in the U.S. today are generated by small businesses, especially smaller firms that have growth potential. Also, it is known that smaller firms are the major sources of new innovations in this country. Currently, smaller firms (200 employees or less) provide about 45% of all U.S. jobs, and approximately 50% of the Gross National Product.

Despite this vital importance to the U.S. economy, new firms face many problems and the failure rate of new companies is very high...nine out of ten fail within the first five years from start-up.

If new business is so important to the economy at all levels...federal, state, local...what assistance can public and private sector agencies/organizations best provide to encourage/help new entrepreneurs as well as smaller companies already in existence? Programs that claim to help smaller firms abound, but most cannot demonstrate concrete results in terms of new companies and new jobs created and failure rates reduced.

How can the organization responsible for helping small businesses find out what programs really work? Given tightening budgets and increased travel and personnel costs, how is the economic developer to learn about the many programs, projects, small business development specialist organizations and other resources available to help him do his job better for his state or city? How can he determine which ones have worked, which have failed, and what approach may be best for him to take?

It is in response to these problems that The Entrepreneurship Institute (TEI), a non-profit organization working exclusively with entrepreneurs and smaller companies, has initiated this project. Through careful and thorough planning, and analysis of results of current activities aimed at new enterprise development, TEI has developed a conference featuring those projects, organizations and individuals which have proven their effectiveness in helping new enterprises.

OBJECTIVE

The objective of this project is to provide our target audience with a concentrated exposure to a broad spectrum of innovative and productive (result-oriented) activities currently being pursued by public and private profit and non-profit agencies in the field of new business development. The project explores the various approaches currently being pursued at the public and private level to stimulate the creation and expansion of small growth-oriented (potentially innovative) business. It is our contention that our audience will derive value from partipation in this program from at least the following areas:

- The opportunity to meet and discuss details with individuals responsible for the most innovative and potentially successful new business development programs and products currently available in both the public and private sector.

- Participation in an educational experience which will bring to one place, at one time, examples of various approaches to new business development.

- First-hand exposure to public and private projects, programs, even legislative initiatives which will be brought to this conference, many of which can be taken back to the participants' respective organizations for consideration to utilize in whole or in part to meet local/regional needs.

- Learn what is on the horizon that can help your new business clients.

TARGET AUDIENCE

The individuals/organizations who are benefiting from participation in this project are:

- Federal, state and local economic development directors and their deputies.

- Federal, state and local policy and program directors and staff.

- Local, private sector industrial developers interested in new business development, such as chambers of commerce, economic development corporations, local development corporations, banks, etc.

- Private sector organizations providing consulting/assistance to new/small companies and investors.

- Larger corporations having new venture development divisions.

- Institutions concerned with technology transfer/utilization.

- University personnel developing/implementing programs on innovation, technology transfer, entrepreneurship and small business assistance.

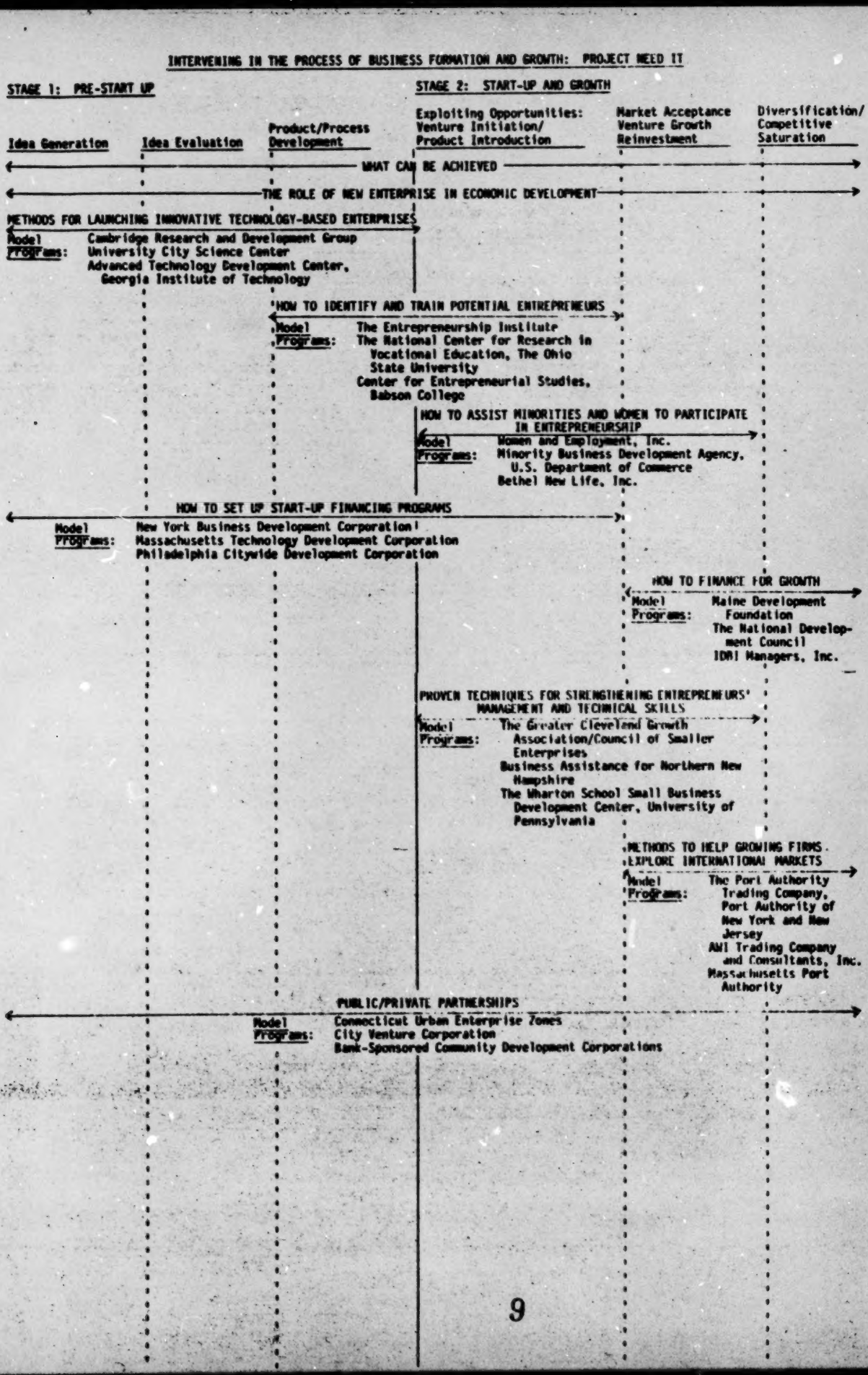
- Financial institutions providing venture capital/loans to new enterprises.

In summary, this program is targeted primarily at individuals/organizations whose focus is the creation of new companies and new jobs for improving a regional or sub-regional economic condition.

AGENDA

The specific projects being presented at the Conference have been organized under broad headings designed to describe the specific projects' focuses. These agenda items have been structured to parallel the typical process of business formation and growth (see attached chart). Initial presentations focus on the pre-start-up stage of new product development and later presentations exemplify methods for intervening in this process after the start-up stage of the firm. This format lays out in front of the conference participant a number of successful models which can be explored and considered

for potential inclusion in his/her own enterprise development program. For example, should the participant, based on an analysis of community needs, determine that there is a serious shortage of new venture financing, then participation in the formal presentations, workshops and one-on-one discussions on "How to Set Up Start-Up Financing Programs," will enable that participant to explore enterprises both through the private market system and through direct state intervention. Armed with this information, the participant can go back to his/her community and explore the potential avenues for stimulating venture financing in that region...or the participant may conclude that his/her existing program has an outstanding record of assisting in the start-up and growth of firms but is totally lacking in providing assistance to the pre-start-up phase of business formation. By participating in discussions on "Methods for Launching Innovative Technology-Based Enterprises," he/she will learn about models (university-based, private non-profit, etc.) which could be replicated in his/her community and thereby fill this program void. Having made key contacts with the individuals operating the successful programs featured at this Conference, and utilizing the resource materials provided at the program, participants in this project should be primed for moving rapidly forward with the implementation of a successful new enterprise development program at the state or local level.


INTERVENING IN THE PROCESS OF BUSINESS FORMATION AND GROWTH: PROJECT NEED IT
STAGE 1: PRE-START UP
STAGE 2: START-UP AND GROWTH
Idea Generation
Idea Evaluation
Product/Process Development
Exploiting Opportunities: Venture Initiation/ Product Introduction
Market Acceptance Venture Growth Reinvestment
Diversification/ Competitive Saturation
WHAT CAN BE ACHIEVED
THE ROLE OF NEW ENTERPRISE IN ECONOMIC DEVELOPMENT
METHODS FOR LAUNCHING INNOVATIVE TECHNOLOGY-BASED ENTERPRISES
Model Programs:
Cambridge Research and Development Group
University City Science Center
Advanced Technology Development Center, Georgia Institute of Technology
HOW TO IDENTIFY AND TRAIN POTENTIAL ENTREPRENEURS
Model Programs:
The Entrepreneurship Institute
The National Center for Research in Vocational Education, The Ohio State University
Center for Entrepreneurial Studies, Babson College
HOW TO ASSIST MINORITIES AND WOMEN TO PARTICIPATE IN ENTREPRENEURSHIP
Model Programs:
Women and Employment, Inc.
Minority Business Development Agency, U.S. Department of Commerce
Bethel New Life, Inc.
HOW TO SET UP START-UP FINANCING PROGRAMS
Model Programs:
New York Business Development Corporation
Massachusetts Technology Development Corporation
Philadelphia Citywide Development Corporation
HOW TO FINANCE FOR GROWTH
Model Programs:
Maine Development Foundation
The National Development Council
IDRI Managers, Inc.
PROVEN TECHNIQUES FOR STRENGTHENING ENTREPRENEURS' MANAGEMENT AND TECHNICAL SKILLS
Model Programs:
The Greater Cleveland Growth Association/Council of Smaller Enterprises
Business Assistance for Northern New Hampshire
The Wharton School Small Business Development Center, University of Pennsylvania
METHODS TO HELP GROWING FIRMS EXPLORE INTERNATIONAL MARKETS
Model Programs:
The Port Authority Trading Company, Port Authority of New York and New Jersey
AMI Trading Company and Consultants, Inc.
Massachusetts Port Authority
PUBLIC/PRIVATE PARTNERSHIPS
Model Programs:
Connecticut Urban Enterprise Zones
City Venture Corporation
Bank-Sponsored Community Development Corporations

The Entrepreneurship Institute

Project NEED IT IV
New Enterprise and Economic Development Initiatives Today
Sheraton-Hartford Hotel - Hartford, Connecticut
August 10-12, 1983

Wednesday, August 10

Foyer	4:00 - 7:00	Registration

Thursday, August 11

Foyer	7:30 - 12:00	Registration
Ballrom Center & East	9:00 - 9:30	INTRODUCTION . Jan Wm. Zupnick, President The Entrepreneurship Institute
Ballroom Center & East	9:30 - 10:00	METHODS FOR LAUNCHING INNOVATIVE TECHNOLOGY-BASED ENTERPRISES . Robert M. Colton, Program Manager, National Science Foundation
Ballroom Center & East	10:00 - 10:30	HOW TO IDENTIFY AND TRAIN POTENTIAL ENTREPRENEURS . Jan Wm. Zupnick, President The Entrepreneurship Institute
Foyer	10:30 - 11:00	Break
Ballroom Center & East	11:00 - 11:30	HOW TO ASSIST MINORITIES AND WOMEN TO PARTICIPATE IN ENTREPRENEURSHIP . Frank B. Brooks, President, Chicago Economic Development Corporation (CEDCO)
Ballroom	11:30 - 12:00	HOW TO SET UP START-UP FINANCING PROGRAMS . Belden Hull Daniels, President, Counsel for Community Development, Inc. and Lecturer on Development Finance at MIT
Ballroom West	12:00 - 1:45	Lunch/Introductions

Thursday, August 11 (continued)

1:45 - 3:15
3:45 - 5:15 SUCCESSFUL MODEL WORKSHOPS ON MORNING TOPICS

Mark Twain

METHODS FOR LAUNCHING INNOVATIVE TECHNOLOGY-BASED ENTERPRISES

- Robert M. Colton, Program Manager, National Science Foundation - MODERATOR
- Kenneth Sherman, General Partner, Cambridge Research and Development Group, Westport CT
- Kenneth L. Brier, Vice President, Real Estate Development & Marketing, University Science Center, Philadelphia PA
- Jerry L. Birchfield, Director, Advanced Technology Development Center, Georgia Institute of Technology, Atlanta GA

Israel Putnam

HOW TO IDENTIFY AND TRAIN POTENTIAL ENTREPRENEURS

- Micheline Daubigny, Vice President, The Entrepreneurship Institute - MODERATOR
- Jan Wm. Zupnick, President, The Entrepreneurship Institute, Columbus, OH
- M. Catherine Ashmore, Marketing Director, National Center for Research in Vocational Education, The Ohio State University, Columbus OH
- Robert Ronstadt, Associate Professor and Academic Head of Entrepreneurial Studies, Babson College, Babson Park (Wellesley) MA (Center for Entrepreneurial Studies)

Thursday, August 11 (continued)

	1:45 - 3:15 3:45 - 5:15	SUCCESSFUL MODEL WORKSHOPS ON MORNING TOPICS
P. T. Barnum		HOW TO ASSIST MINORITIES AND WOMEN TO PARTICIPATE IN ENTREPRENEURSHIP • Frank B. Brooks, President, Chicago Economic Development Corporation (CEDCO) - MODERATOR • Chris Weiss, Executive Director, Women and Employment, Inc., Charleston WV • Harold Jones, Chief, Private Sector Division, Office of Resource Development, Minority Business Development Agency, U.S. Department of Commerce, Washington DC • Mary Nelson, Director, Bethel New Life, Inc., Chicago IL
Silas Deane		HOW TO SET UP START-UP FINANCING PROGRAMS • Belden Hull Daniels, President, Counsel for Community Development, Inc. and Lecturer on Development Finance at MIT - MODERATOR • Marshall R. Lustig, Executive Vice President, New York Business Development Corporation, Albany NY • William F. Aikman, President, Massachusetts Technology Development Corporation, Boston MA • Joseph J. James, Executive Director, Philadelphia Citywide Development Corporation, Philadelphia PA
Foyer	3:15 - 3:45	Break
	3:45 - 5:15	WORKSHOP PANELS REPEATED
Ballroom West	5:15 - 6:30	Cocktails/One-on-One Discussions with Faculty/How Participants Can Adapt These Programs to Meet Their Specific Needs

Friday, August 12		Keeping the Enterprise Afloat
Ballroom Center & East	9:00 - 9:30	HOW TO FINANCE FOR GROWTH • James Vitarello, Community Development Specialist, Community Development Division, Officer of the Comptroller of the Currency
Ballroom Center & East	9:30 - 10:00	PROVEN TECHNIQUES FOR STRENGTHENING ENTREPRENEURS' MANAGEMENT AND TECHNICAL SKILLS • Charlotte Taylor, President, CTA - A Management Group
Foyer	10:00 - 10:30	Break
Ballroom Center & East	10:30 - 11:00	METHODS TO HELP GROWING FIRMS EXPLORE INTERNATIONAL MARKETS • Alan N. Cook, Director of Special Projects, Hankamer School of Business, Baylor University
Ballroom Center & East	11:00 - 11:30	PUBLIC/PRIVATE PARTNERSHIPS • Drew Allbritten, Special Assistant to the Deputy Undersecretary for Intergovernmental Relations, U.S. Department of Housing and Urban Development (HUD)
Ballroom West	11:30 - 1:30	Lunch Luncheon Address • Robert Dotchin, Staff Director, U.S. Senate Small Business Committee
	1:30 - 3:00 3:30 - 5:00	SUCCESSFUL MODEL WORKSHOPS ON MORNING TOPICS
Mark Twain		HOW TO FINANCE FOR GROWTH • James Vitarello, Community Development Specialist, Community Development Division, Office of the Comptroller of the Currency - MODERATOR • Nathaniel H. Bowditch, President, Maine Development Foundation, Augusta ME • John Sower, Director, The National Development Council, Washington DC • Karen Bellus, Vice President, IDBI Managers, Inc., New York NY

Friday, August 12 (continued)

1:30 - 3:00
3:30 - 5:00 SUCCESSFUL MODEL WORKSHOPS ON MORNING TOPICS

Israel Putnam

PROVEN TECHNIQUES FOR STRENGTHENING ENTREPRENEURS' MANAGEMENT AND TECHNICAL SKILLS

- Charlotte Taylor, President, CTA - A Management Group - MODERATOR
- Jeffrey C. Susbauer, Board Member, Greater Cleveland Growth Association/ Council of Smaller Enterprises (COSE), and Chairman, Department of Management & Labor, Cleveland State University, Cleveland OH
- Peter Thibeault, Resource Developer, Business Assistance for Northern New Hampshire, Berlin NH
- Bernard Tenenbaum, Director, Wharton School Small Business Development Center, University of Pennsylvania, Philadelphia PA

Nathan Hale North

METHODS TO HELP GROWING FIRMS EXPLORE INTERNATIONAL MARKETS

- Alan Cook, Director of Special Projects, Hankamer School of Business, Baylor University - MODERATOR
- Herbert Ouida, Project Director, Port Authority Trading Company, The Port Authority of New York and New Jersey, New York NY
- Albert E. White, President, AWI Trading Company and Consultants, Inc., New York NY
- Kathleen Hagan, Manager-Foreign Trade, Massachusetts Port Authority, Boston MA

Silas Deane

PUBLIC/PRIVATE PARTNERSHIPS

- Drew Allbritten, Special Assistant to the Deputy Undersecretary for Intergovernmental Relations, U.S. Department of Housing and Urban Development (HUD) - MODERATOR

Friday, August 12 (continued)

	1:30 - 3:00 3:30 - 5:00	SUCCESSFUL MODEL WORKSHOPS ON MORNING TOPICS
Silas Deane		PUBLIC/PRIVATE PARTNERSHIPS (continued) • Kenneth L. Roberts, Director of Municipal Development, Connecticut Department of Economic Development, Hartford CT (Connecticut Urban Enterprise Zones) • Stanley C. Weinberg, Project Director, City Venture Corporation, Minneapolis MN • Ken Fain, Associate Director, Community Economic Development, American Bankers Association, Washington DC (Bank-sponsored Community Development Corporations)
Foyer	3:00 - 3:30	Break
	3:30 - 5:00	WORKSHOP PANELS REPEATED
Ballroom West	5:00 - 6:00	Cocktails/One-on-One Discussions with Faculty/How Participants Can Adapt These Programs to Meet Their Specific Needs
	6:00	Adjournment

The Entrepreneurship Institute

Speakers

Project NEED IT IV
Sheraton-Hartford Hotel - Hartford, Connecticut
August 10-12, 1983

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-Methods for Launching Innovative Technology-Based Enterprises-

Cambridge Research and Development Group (CRDG)

Contact: Kenneth Sherman, General Partner
Cambridge Research and Development Group
21 Bridge Square
Westport, CT 06880
203-226-7400

Cambridge Research and Development Group's principal business is to identify patented new products that represent outstanding new business opportunities and to place them in an environment that will cause them to realize their profit potential. Founded in 1965, the aim originally was to bridge the gap between inventions and successfully-marketed products. This was done by developing inventions brought to the Cambridge Research and Development Group from the outside, and then licensing them to established companies which, it was felt, could utilize their large research production and marketing skills and resources to bring the licensed product into commercialization. Although CRDG undertook the patent, design engineering, manufacturing and marketing development of each product stage through licensing and then to the final stages of assisting the large corporation licensees in further development and marketing, and did successfully develop a number of new products, more frequently the large company licensee could not or chose not to deploy its impressive resources on behalf of the licensed product.

Accordingly, CRDG evolved a new approach. They created an environment with a higher probability of success where the required ongoing management and financial resources were certain to be provided. This approach, used today, consists of placing a product in a new business venture that is amply funded, well-managed, and totally dedicated to the ultimate success of the selected product. The new venture is organized as a limited partnership specifically to purchase the rights to the product. It then manufactures and markets the product and may also license it to others. Each limited partnership is managed by one or more general partners. To assume this responsibility, executives are recruited who have the overall management capability and marketing sophistication that results from experience in a large corporation combined with an entrepreneurial background gained from managing a small company. The general partner(s) supervise(s) a multi-disciplined staff of nineteen. The staff includes new product invention specialists, legal and patent counsel, and marketing and financial professionals.

CRDG also has 117 limited partners, including successful inventors, patent attorneys, scientists, engineers, educators, and businesspeople with broad experience in marketing, production, advertising, and financing. The limited partners have not only provided the company's equity capital base ($3 million) but they also provide assistance to CRDG relating to their particular fields.

As of the end of 1982, CRDG has helped arrange for a total of $29.3 million in new venture financing, and has successfully created six new businesses out of "patented products." These high tech, high growth businesses include Cardiac Imaging, General Sound Company, The Variable Speech Control Company, American Fire and Industrial Products Company, and GENTEST.

This private for-profit organization represents an exciting model of using limited partnerships to bring innovative, patentable products into the market-place.

University City Science Center

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The University City Science Center is a non-profit corporation organized with a board of directors which includes members from 28 member institutions (colleges and universities), business, industry, government, and the community. The Science Center is engaged in the application of scientific and technical knowledge to improve the quality of human life by: conducting cooperative applied research, providing regional services, promoting information exchange, and constructing buildings to house companies and organizations engaged in a wide range of educational, communications, and health engineering activities, all housed in a fixed geographic area of West Philadelphia.

Spread over 16 acres, this "science city" has 75 organizations and companies in residence and has had 38 companies start there. In addition to physical space, the Science Center provides a number of specialized services to meet a wide and expanding range of user requirements. These services include consultation with faculty, graduate students and consultants from the 28 member institutions; access to computer services; administrative assistance such as accounting and bookkeeping assistance, secretarial and clerical skills; shared facilities and equipment such as library, conference and meeting rooms; audio-visual equipment; copying machines and other office equipment, all of which serve to support science-related business development as well as reduce the overhead cost to small- and medium-sized businesses.

From its inception in a decaying urban area, the Science Center has grown from the housing of activities which generated ten jobs to those which generate over 5,300 jobs. When development of the entire 16-acre, $240 million research and development complex is completed, total employment will grow to approximately 20,000. This urban incubator represents an additional way to encourage technology development.

Advanced Technology Development Center

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The Advanced Technology Development Center (ATDC) was created in 1980 by the Governor and General Assembly of Georgia as a result of recommendations from a study done to determine how Georgia's technology base could best be expanded. Located on the campus of the Georgia Institute of Technology, it serves as a catalyst for high technology growth in the state by bridging the gap between industry and Georgia's resources. The ATDC provides information for high technology firms considering expansion or relocation to Georgia, supports technology-based entrepreneurs in small businesses, helps existing high technology companies with new product development, and assists in the formation of venture capital.

For example, one of the services offered by the ATDC is reasonably-priced incubator space for new or relocating businesses. Now housed in temporary facilities on the Tech campus, the Center within a year will have 83,000 square feet of space in its own $5 million building.

The State of Georgia funds the Center's $530,000 annual budget and is providing $3.4 million of the construction money, with Georgia Tech and the Center raising $1.7 million more from private sources in order to construct the new incubator building.

The Center is currently working with more than 30 companies, 12 of which are housed in the incubator facility. ATDC member companies have access to experienced staff members who coordinate interaction between the entrepreneur and University System facilities necessary for the development needs. Among those facilities are the Tech computer center, library, machine shop, printing and photographic center and specialized laboratory equipment. Entrepreneurs pay rent and pay for the services received.

Among the ATDC member companies are Catronix, a developer of computer aided design software for microcomputers; Sales Technologies, a producer of computer systems for sales staff management and marketing information; and Atlanta Signal Processors, which uses digital signal processing techniques to develop products involving speech communication.

ATDC, a unit of the University System of Georgia, represents a good example of a state-funded university high technology development model.

-How to Identify and Train Potential Entrepreneurs-

The Entrepreneurship Institute
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The Entrepreneurship Institute (TEI) is an educational, non-profit international organization founded in 1976. The Institute functions primarily in the area of regional economic development through its Community Entrepreneurial Development Projects (CEDPs). These projects are successful because they bring entrepreneurs and their enterprises together with the best business, financial and professional resources available in the community. The action-oriented programs are the culmination of months of planning between TEI's staff and local steering committees, during which time the programs' resource people are identified and educated about the projects.

A minimum of 25% of all participants attending the CEDPs will either start a new business or make a significant expansion, merger or acquisition as a result of the projects. Results of evaluation surveys of 46% of participants from Institute programs held during the period January 1980- June 1981, an 18-month period of economic recession, indicate total direct new job creation (actual and planned) of 585 new jobs. Nearly 80% of these jobs are being generated by the 63 new companies started by The Entrepreneurship Institute's programs. Many additional jobs are anticipated as these young firms grow and expand. The average program cost to create each of these jobs is less than $500 per job.

In addition, entrepreneurs participating in the CEDPs have an outstanding record of success in securing financing for their businesses. For example, three out of four participants in these projects during the same period of extremely high interest rates were successful in obtaining financing from sources to whom they submitted a written business plan. A total of $15.6 million was obtained. Four out of ten entrepreneurs seeking venture capital for the start-up or early stage funding of their businesses succeeded in obtaining a portion of the financing requested. A total of $10.8 million was obtained. TEI believes these numbers are significantly higher than national averages.

TEI is currently striving to meet these pressing needs: results-oriented small group training programs for entrepreneurs; training programs, internships and other activities to improve the skills of those who are trying to help entrepreneurs; development and distribution of publications, audiotapes, videotapes, videodiscs and other materials to provide individualized instruction to entrepreneurs and those assisting entrepreneurs; establishment of a library of entrepreneurship materials; cooperation with community groups, chambers of commerce and other organizations to identify successful programs and replicate those programs in communities across the country; and development and implementation of an extensive research program to expand the base of knowledge about entrepreneurship and small business.

National Center for Research in Vocational Education

Cotnact: M. Catherine Ashmore, Marketing Director
National Center for Research in Vocational Education
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As part of the Ohio State University system, the National Center for Research in Vocational Education's mission is to increase the ability of diverse agencies, institutions, and organizations to solve educational problems relating to individual career planning preparation and progress. As a national research center receiving a large majority of its funding from the Department of Education, it has taken the leadership role in directing research and developing educational programs and products designed to teach advanced secondary and post-secondary students how to establish and manage their own businesses.

PACE (Revised) is a modularized, competency-based entrepreneurship program of instruction appropriate for secondary, post-secondary, and adult learners. PACE can be used on an independent study basis or in vocational education classes. The materials consist of a resource guide; an instructor's manual for each of three education levels, referred to as Level I, Level II, & Level III; and eighteen units for each level.

The resource guide consists of an introduction, objectives, an annotated glossary of business terms, sources of additional information, the Small Business Administration's Annual Report on Small Business and Competition: Executive Summary, and the Standard Industrial Classification Index. Each of the three instructor's guides includes an introduciton to PACE, objectives, a "Going Into Business' project, teaching outlines, transparency originals, handouts, model assessment responses, and a list of selected resources.

Each unit is in three modules, one for Level I, one for Level II, and one for Level III. The units consist of objectives, information designed to prepare the learner for completing the module, content overview, content, activities, case studies, assessment, instruments, and sources. The topics of the units include the nature of small business, the entrepreneur, business plan, technical assistance, types of ownership, marketing strategy, business location, financing, legal issues, government regulations, business management, personnel management, promotion, selling, records, financial management, customer credit, and business protection.

Center for Entrepreneurial Studies, Babson College

Contact: John A. Hornaday, Director
Center for Entrepreneurial Studies, Babson College
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Much like Baylor University's Center for Private Enterprise and Entrepreneurship, this "east coast" Center was established in 1978 to promote and strengthen the American entrepreneurial tradition through education and scholarly research. This mandate was intended to make the Center a focal point for all entrepreneurship activities at Babson. The center works cooperatively with other academic departments to promote entrepreneurship within each discipline, as well as developing projects of its own.

There are six major functions at the Babson Center for Entrepreneurial Studies. In addition to the Academy of Distinguished Entrepreneurs and a speakers' bureau, both of which are designed to recognize entrepreneurship and provide speakers on that subject throughout the community, the Center has developed with Babson School of Continuing Education a series of two-day seminars designed to meet the needs of managers of new and rapidly expanding firms, as well as exploring ways of offering specialized consulting services to local entrepreneurs.

In addition to the Center for Entrepreneurial Studies, Babson College is one of only a few colleges offering undergraduate and graduate majors in entrepreneurial studies. Unlike many graduate or undergraduate school programs focusing on developing management skills for large corporations, these courses in entrepreneurial studies which lead to degrees seek to develop more effective future entrepreneurs, as well as professionals who will be prepared to interact with entrepreneurs. The curriculum which has been developed by Babson College in an outstanding model of how universities can become effectively engaged in promoting entrepreneurship at the post-secondary level.

-How to Assist Minorities and Women to Participate in Entrepreneurship-

Women and Employment, Inc.
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Women and Employment, Inc. is a non-profit organization of community women in West Virginia, formed in 1979 to address the feminization of poverty in the state by solving problems relating to discrimation, pay equity and other employment problems. Its program objectives are centered around: (1) job advocacy for women in non-traditional jobs and training; (2) education and leadership development for low-income women, particularly those in the "80%" who work in traditional women's jobs; (3) education, research and business consulting services for rural women to facilitate economic development in their areas; and (4) rural outreach to give women tools for change in their local areas.

Women and Employment's Rural Economic Development Project is funded by the Ford Foundation and is aimed at women with a viable business idea that fits into the framework of the county/regional expansion and development plans, skills that are adaptable to a particular business opportunity, and entrepreneurial drive and aptitude.

The project concentrates on the following areas:

1. Economic development research, conducted in conjunction with Southeast Women's Employment Coalition in Kentucky and MDC, Inc. in North Carolina. It is aimed at identifying potential business opportunities based on community needs and available federal funding infused into the targeted areas.

2. Rural outreach and potential enterprise development, through access to business consulting and workshops provided by the Small Business Development Center of the University of Charleston. In addition, Women and Employment will also conduct a series of workshops designed to identify women interested in enterprise/small business development to discuss methods of organizing ownership and methods of obtaining financing. Once potential women business owners are identified and the field narrowed down to feasible projects, Women and Employment will offer continuing direct consulting services to develop a preliminary business plan. The women business owners will then be referred to other state and college resources already established to provide this service.

3. Alternatives to business capitalization will be studied, including the possibility of creating a credit union, owned and controlled by women business owners, or linking up with Women's World Banking which, along with a locally organized guaranty fund, would share the loan risk with a local bank.

Minority Business Development Agency (MBDA)

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Office of Resource Development
Minority Business Development Agency
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MBDA is the only federal agency specifically created to establish policies and programs to develop the minority business community. MBDA's goal is to increase opportunities for racial and ethnic minorities to participate in the free enterprise system through the formation and development of competitive minority-owned and managed firms - with emphasis on private sector involvement and entrepreneurial self-reliance.

MBDA is comprised of three major activities: enterprise development; resource development; and advocacy, research and information.

The Enterprise Development Division coordinates the delivery of specialized assistance to minority-owned firms for acquisitions, capital development, technology commercialization, management development and international trade.

- The business development activity is made up of more than 100 Minority Business Development Centers designed to provide ongoing assistance to minority clients nationwide.

- The export development program provides assistance to businesses with potential for entering the international marketplace.

- The acquisition assistance program provides special assistance to enable entrepreneurs to own and control medium and large sized firms.

- The technology commercialization program matches resources with opportunities for entrepreneurs and inventors to establish technology-based companies.

MBDA's Resource Development activity focuses MBDA assistance on the development of private sector market opportunities and resources for minority businesses through the public sector.

MBDA's Advocacy, Research and Information Division assists minority businesses by providing access to information necessary for starting and successfully managing and expanding a business and by advocating policies and programs to improve the overall climate in which minority entrepreneurs operate.

Bethel New Life, Inc.
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Bethel New Life, Inc.
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Bethel New Life represents a community-based development organization with enterprises in housing, housing management, clothing and other textiles, energy, and food. It was founded in 1979 as Bethel Housing Inc. with Bethel Lutheran Church's $275 purchase of an abandoned three-flat building on the auction list of the Department of Housing and Urban Development. This non-profit organization has grown from a strictly housing focus to a broad range of programs and services for the community.

Specific programs in fiscal year 1983 include:

- Neighborhood and economic development projects - Stitches Unlimited, an industrial sewing cooperative; Bethel Food Cooperative; Bethel Housing Cooperative; Intensive Urban Garden; and New Life Unlimited, a real estate property management organization. During 1983, Bethel also started an energy business called Creative Energy Services, which includes the marketing, manufacturing and installation of thermal window shades, and weatherization, insulation, etc.

In addition, Bethel Housing, Inc. has rehabilitated or been involved in housing construction in excess of $6 million, in the four years of its existence.

The 1983 operating budget is $509,000 for general programs, and a total of $650,000. The corporation as a whole broke even in 1982.

-How to Set Up Start-Up Financing Programs-

New York Business Development Corporation

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The New York Business Development Corporation (NYBDC) is a privately owned company in which many New York financial institutions pool their money to share the risks of helping enterprises grow and flourish in New York. NYBDC was organized in 1955 to meet the need for medium- and long-term loans as a complement to conventional banking. NYBDC Capital Corporation is a wholly-owned small business investment company which was created in 1973 to handle equity-oriented funding of up to $60,000 per credit application in conjunction with NYBDC loans. This is an interesting example of a legislated model organization which has expanded its range of services from a mere business development corporation to include a venture capital operation, a 503 loan program, and professional consulting services.

Loans generally range from four to ten years in term, from $25,000 to $500,000 in amount, at interest rates that float at or below 2.5% above prime. They are usually earmarked for working capital, plant expansion, new equipment, and debt re-handling. The Corporation makes loans to existing companies as well as new ventures.

The funds that NYBDC uses for its loans are provided by shareholders and members and by the U.S. Small Business Administration. The shareholders supply the equity while the member financial institutions lend money to NYBDC when called upon. Shareholders and members are represented on the Corporation's board of directors as is the State through its Commissioner of Commerce.

The NYBDC has a track record of working closely with various governmental and private agencies such as the Job Development Authority, the Urban Development Corporation, Economic Capital Corporation, the Association of Industrial Development Agencies, and so on, and will from time to time refer appropriate situations to these agencies or attempt to include them in an NYBDC financing package.

The New York Business Development Corporation since its inception has disbursed $98.4 million, which is added to $37.8 million of participating banks. 58% of the financing has been to general manufacturing, 22% to service and commercial, 7% to resorts and recreation, 5% to food processing, and 4% to building and construction.

Examples of successful financing include Yonkers Book Store Inc., Godinger Silver Art Limited, Valmar Textile, Cyberway Inc., Stoffel Polygon Systems Inc., Alexander Engraving Company, Oram Electronics and Kipany Products Limited.

Massachusetts Technology Development Corporation (MTDC)

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Massachusetts Technology Development Corporation
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The Massachusetts Technology Development Corporation is a development finance corporation which was formed to provide a source of capital to new and expanding high-technology enterprises which have the capacity to generate significant employment growth in Massachusetts but which have been unable to secure from conventional sources sufficient affordable capital to adequately fund such expansion.

MTDC was created by act of the state legislature in late 1978 and began operating its investment fund in March 1979. It is an independent public agency whose operations are supervised by an eleven-person Board of Directors, composed of six individuals from the private sector, two individuals from the university community and three public officials. The President serves as the Chief Executive Officer and Chief Operating Officer by appointment of the Board of Directors. The work of the organization is performed by a small staff of professional investment analysts.

MTDC's initial capitalization of $2,000,000 was provided by the Economic Development Administration of the United States Department of Commerce. Initial operating funds were provided by the Commonwealth of Massachusetts. Subsequent funding from the Commonwealth and EDA have increased the capitalization level to $5,000,000.

In 1982, MTDC started a new capital fund for start-up companies in Massachusetts, called the Corporations for Innovation Development (CID) fund. It was initially capitalized with $2,000,000 as a joint venture of the state and federal governments. Subsequently, the Commonwealth contributed another $750,000. Through CID, MTDC was able to assist in the launching of new companies in future-oriented industries, such as robotics, infrared heat technology and process plant simulation.

MTDC has also begun to package financings for small technology-based companies without investing any MTDC funds. As a result of this effort, more than $2,000,000 in private funds was raised in 1982 by companies MTDC assisted but in which it did not invest.

Under its management assistance program, MTDC provided financial counsel and advice on business plan preparation to young companies not yet ready to apply for venture financing as well as to entrepreneurs who are forming companies. A total of 144 companies received management assistance in FY 1982.

The organization is a public instrumentality and is a not a for-profit corporation.

Philadelphia Citywide Development Corporation (PCDC)

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PCDC is funded by the City of Philadelphia with Community Development Block grant money. PCDC's goals are: to increase employment, particularly for low and moderate-income persons; to utilize small businesses to provide essential goods and services in neighborhoods; to provide entrepreneurial opportunities for persons who would not otherwise have them; and to improve the quality of life in Philadelphia's neighborhoods.

In 1981-82 financing arranged by PCDC created or retained over 3300 jobs. 95% of these were jobs for low and moderate-income persons.

PCDC arranged over $56 million in financing for more than 400 small businesses between 1977 and 1982. PCDC secures capital for new and expanding businesses by acting as a catalyst between small businesses and sources of financing. At times, PCDC injects public dollars into projects, in order to attract substantial private resources, or to make a beneficial project possible.

Because the success and survival of the firms PCDC assists is very important, PCDC provides its clients with ongoing managerial and technical assistance and advice in the operation of their businesses.

PCDC is part of a coordinated network of public and private entities which share ideas, planning and resources, often jointly financing or assisting small business projects. The core of the network is the City Department of Commerce of the City of Philadelphia, which coordinates the functions of PCDC and the City's other economic development corporations. The network is enhanced by local financial institutions, large and small businesses in the City, and institutions of higher education. The network is completed by the residents of Philadelphia's many neighborhoods and the organizations which represent them.

PCDC is also heavily committed to increasing opportunities for minority entrepreneurs. Approximately half of the businesses that PCDC has arranged financing for are owned by minority individuals. PCDC has been instrumental in increasing the number and skill level of minority construction contractors involved in City-sponsored housing rehabilitation programs and has provided them with working capital financing, coupled with managerial and technical assistance. PCDC has recently expanded its efforts to include fostering increased participation of minority contractors and retailers in the Gallery II Shopping Mall, in Center City. PCDC will continue to expand its efforts to facilitate the participation of minority firms throughout the local economy, especially in City-sponsored development projects.

PCDC is seeking new ways to match entrepreneurs to promising business opportunities in Philadelphia. PCDC will be developing a clearinghouse for persons seeking to buy or sell a business. And, in a continuing effort to provide a full range of the various kinds of financing needed by small firms, PCDC will be seeking ways to expand the availability of venture capital in Philadelphia.

-How to Finance for Growth-

The Maine Development Foundation

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Created by a State of Maine legislative action in 1977 as a not-for-profit corporation with a public purpose, the Maine Development Foundation represents a unique public-private partnership concept with the mission of undertaking specific projects to encourage economic development in Maine. The "corporators" of the Maine Development Foundation include private sector corporations (partnerships, firms, corporations, and also individuals), which provide support of at least $250 annually to the Foundation, and public sector "corporators" (municipal and county government, councils of government, local and area development corporations, regional planning commissions, private colleges, etc.) providing support of at least $50 annually to the Foundation.

By the end of 1982, there were over 300 active corporators who are collectively providing more than 30% of the operating budget of the Maine Development Foundation. The rest of the Foundation's funding comes from two sources: (1) the State of Maine, which matches all corporator contributions on a dollar-for-dollar basis and (2) special purpose grants, contracts, and other fee arrangements achieved as part of the Foundation's project activities.

The Maine Development Foundation is operated through a 15-member Board of Directors, seven of whom are elected from among the private sector corporators and five directors elected from among the public sector corporators. In addition, the Governor appoints two directors from among the ex-officio corporators, which include all state department and agency heads. The President of the Foundation is appointed by the Board and serves as its 15th member.

Specific areas of involvement for the Foundation include:

(1) Development Projects, including identification of key development opportunities in Maine and active involvement with management, technical assistance, marketing development, and financing such that these development projects are brought to fruition. (Major efforts have included groundfish market development, the Potato Market Improvement Program, development of the Sears Island Cargo Port, development of a state-wide venture capital company, and more recently, preparation of a technology strategy for Maine and a Marketing of Maine Products Program.)

(2) Development Services, which include the provision of specific economic development services to individual entrepreneurs, businesses, and regional groups concentrating on situations where the Foundation's character and experience are of special significance. Examples of such services are:

A. The Maine Development Foundation is a state-wide certified development corporation which permits it to package SBA 503 projects.

B. The Maine Development Foundation provides staff support to the Maine World Trade Association:

C. The Maine Development Foundation is assisting three Maine communities to develop a regional business attraction/industrial marketing program.

(3) Industrial Development, in which the Foundation undertakes focused activities to identify quality companies to include a Maine location in their expansion plans and to enhance the expansion potential of existing Maine companies. (The Foundation has recently formed a group called Business Executives for the Enhancement of Maine -- BEEM -- to assist the state's business attraction effort by identifying prospects, participating in trade missions, etc.)

(4) Environment for Economic Development, in which the Foundation analyzes issues affecting the prospects for sound economic development in Maine, either positively or negatively, and works to enhance strengths and reduce weaknesses. (A regulatory process project involving business, environmental, and regulatory interests has been underway for two years to analyze perceptions about, and to improve, Maine's environmental regulatory processes.)

National Development Council

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The National Development Council is the country's largest economic development financing organization. It was established in 1973 by Samuel S. Beard of New York, founder and president. From 1978 to 1982 the NDC coordinated the HUD/ EDA/SBA-funded Neighborhood Business Revitalization Program which assisted 60 major cities in organizing and implementing their own economic development financing programs. This program resulted in the investment of nearly $2.5 billion in 3,500 small and medium sized businesses and the creation of 150,000 jobs - plus the training of a whole new group of economic development professionals who are knowledgeable in economic development financing techniques.

Under the Reagan Administration, the NDC is coordinating the 20-state Small Business Revitalization program - which was announced by President Reagan in the Oval Office in October 1982 and which has goals of creating 300,000 jobs by the investment of $5 billion of fixed assets in small and medium sized businesses.

Based in Washington, the NDC staff of economic development "investment bankers" has branch offices around the country and works on a contractual basis with many local cities and counties to assist with their programs.

The National Development Council also has extensive training programs for local economic development professionals - which have now been attended by 3,000 attendees.

Historically, the National Development Council has been an innovator in the creation of economic development financing programs for local communities.

IDBI Managers, Inc.
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212-684-0844

IDBI Managers, Inc. is a subsidiary of the Dyson-Kissner-Moran Corporation, one of the largest privately-held firms in the country.

IDBI Managers, Inc. has created an entirely new form of insurance called Industrial Development Bond Insurance (IDBI). It is an unconditional and irrevocable guaranty to pay 100% of principal and interest for the full term of IDBs. IDBI is available on bonds to finance industrial projects, including manufacturing plants, distribution facilities and industrial warehouses, and covers up to $2.5 million per project. Virtually any financially sound industrial company may qualify for IDBI if it can demonstrate an ability to repay the bonds. IDBI is backed by the Fireman's Insurance Company of Newark (N.J.), the largest of the Continental Insurance Companies.

IDBI offers the following advantages:

- It provides new and greater access to capital and reduces the cost of borrowing to local industry.
- Because IDBI makes IDBs attractive to national investment bankers, it gives local banks the option of either buying fully insured bonds for their own portfolios or of maintaining full account relationships with corporate customers while acting as trustee on IDBs purchased by national investment bankers.
- It eliminates the possibility of default on local industrial development agency bonds.

The IDBI premium depends on the interest rate of the bonds. Generally, IDBI adds slightly over 1% to a firm's cost of borrowing. The premium is payable only once -- on the issuance of the bonds -- and the insurance is irrevocable for the life of the bonds. Premiums may be paid from bond proceeds. In addition to the premium, a $500 non-refundable Analysis Fee must accompany each application.

Since beginning operations in December 1981, IDBI Managers, Inc. has closed $32 million of insured bonds, and has outstanding commitments of $19 million. It is licensed to conduct business in 49 states and the District of Columbia.

-Proven Techniques for Strengthening Entrepreneurs'
Management and Technical Skills-

The Greater Cleveland Growth Association/Council of Smaller Enterprises (COSE)

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The Council of Smaller Enterprises, as a division of the Greater Cleveland Growth Association, is a voluntary organization of business professionals and industrial leaders who work collectively with government and community leaders to enhance the economic opportunity and the quality of life in the Greater Cleveland area. Since undergoing a reorganization in 1980, The Greater Cleveland Growth Association has concentrated its efforts in two sharply focused areas: 1) creating a proper climate for growth; and 2) directing economic development activities.

The Council of Smaller Enterprises (COSE) is the small business division of The Greater Cleveland Growth Association. COSE's membership currently numbers more than 5,000 small businesses, those businesses that employ 1-100 persons. Its purpose is two-fold:

- COSE provides small business owners and operators with a wide range of benefit programs, education programs, and advisory services aimed at helping small businesses to succeed and grow.

- COSE seeks to provide the small business community with a powerful collective voice in government at local, state and federal levels.

COSE exemplifies how the standard Chamber of Commerce can reorient its priorities towards economic and small business development. In fact, in February of 1983, the Cleveland and Gund Foundations awarded COSE a combined $170,000 grant over three years which will be used to support the implementation of COSE's small business development strategy. This economic development strategy's aim is to unleash the potential for innovation and job creation in the Greater Cleveland small business community. More specifically, the small business development strategy entails an expansion of the range of management and education programming available to small business owners through COSE and the creation of a formal, volunteer-oriented management assistance program to be promoted to the broad based small business community. These programs are combined with an effort to coordinate other community-based management assistance resources under the direction of an umbrella (COSE) organization.

Of particular note are COSE's "Programs for Growth" - specific "how to" seminars designed for small business managers to improve their prospects for growth. One of the more outstanding programs contained within the Programs for Growth is a strategic planning course - an eight-month course meeting one Saturday per month for company owners who are committed to the creation of strategic long-range plans for their firms. This program has assisted specific small enterprises to grow more profitably.

Business Assistance for Northern New Hampshire

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Business Assistance for Northern New Hampshire is a program sponsored by a coalition of groups actively committed to fostering the economic growth of the northern three counties of New Hampshire - Carroll, Coos, and Grafton. This program facilitates business growth and expansion by providing direct technical and managerial assistance as well as acting as a one-step referral source for linking private business with public and private organizations that offer support services.

This multi-function service includes business planning, venture development and financing, cash flow management, training program development, resource analysis and feasibility studies, and marketing support services. In its first six months of operation, the program has provided assistance to over 76 individuals and businesses and as a direct result, expects to create and/or stabilize 63 jobs.

Business Assistance for Northern New Hampshire is a unique cooperative venture involving several community-oriented organizations (Northern Community Investment Corporation, Community Action Program, North Country Council, New Hampshire Jobs Training Council, Northern Employment and Training Administration, and the Small Business Development Program). By combining their limited resources, the above named groups were able to establish a small revolving loan fund, provide small business consulting, and become one of a number of American Management Association SEECs (Small Entrepreneurial Enterprise Centers). In addition to the revolving loan program, known as Job Start, through 1982, 46 new clients had received assistance requiring direct consulting advice. Of these, 22 were start-up situations and 24 were in business prior to receiving assistance. Clients coming to Business Assistance for Northern New Hampshire have the potential to apply for loans through the Job Start loan program which will be seeking to expand its revolving fund to $380,000.

As mentioned previously, the Business Assistance for Northern New Hampshire program has taken over the Small Entrepreneurial Enterprise Center Program, a comprehensive programmed learning system for individuals thinking of starting a business. Since last April, more than 400 individuals state-wide, and over 153 in the North Country alone, have taken advantage of SEEC's resources to determine if self-employment is an appropriate, correct choice to develop a basic understanding of business planning concepts.

It is the primary objective of the program's management team that BAFNNH become as self-sufficient as possible within the next nine to twelve months. BAFNNH represents an innovative and unique pilot program combining the resources of many organizations in Northern New Hampshire to assist the economic development of the community.

The Wharton School Small Business Development Center

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The Small Business Development Center (SBDC) of the Wharton School of the University of Pennsylvania serves small businesses by providing consulting, technical assistance and general management analysis. These services are available to persons wishing to start a business and to existing small firms in Philadelphia, Bucks, Montgomery, Delaware and Chester Counties.

The Small Business Development Center provides its services by bringing together the expertise, programs and resources of the University, the private sector and government at all levels. Each of these three sectors contributes funding to the SBDC operation which allows services to be delivered without charge to clients who cannot take advantage of private sector consultants or who cannot locate appropriate services. Services are tailored to the unique needs of each client. Because the SBDC has access to a broad range of resources it can identify those programs best suited to meet the small business owner's individual requirements. The primary objectives of the SBDC are:

1. To provide management and consulting assistance to small business owners and people wishing to start a business;

2. To provide students with consulting experience that will augment traditional coursework and provide an awareness of small business needs;

3. To act as a clearinghouse for information on government programs and activities which affect small business;

4. To advocate the importance of small business development.

The primary output of the SBDC is information and recommendations. Information about a wide variety of topics is available through seminars, telephone calls and one-to-one contacts with the SBDC staff. Recommendations result from client participation in one of the counseling programs of the SBDC. In addition, the clients may also receive contacts through the SBDC with various public and private agencies who offer programs designed to provide further assistance.

The Wharton School Small Business Development Center is part of the Wharton Entrepreneurial Center. The Entrepreneurial Center provides funding as well as staff assistance. The Wharton Entrepreneurial Center is an educational, research and technical unit of the Wharton School.

-Methods to Help Growing Firms Explore International Markets-

The Port Authority Trading Company

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In March 1982 the Commissioners of the Port Authority authorized the agency to enter into export marketing agreements with manufacturers, and the Port Authority Trading Company was established. Its mission is to encourage exports as a means of strengthening the economy of the New York/New Jersey region.

The Trading Company tries to find companies that meet the following criteria: 1) are located and have production facilities in New York and New Jersey; 2) are small or medium in size; 3) have done little or no exporting; 4) produce goods that have potential at export. For the companies which meet these requirements and which choose to sign with the Trading Company, the Trading Company offers the following services: 1) market research and selection of the optimum target markets; 2) development of specific marketing strategies for each manufacturer and product; 3) product modification recommendations, including styling, packaging, labeling and pricing; 4) selection of channels of distribution, modes of transportation, warehousing, etc.; 5) identification of potential buyers in the private or public sectors; 6) marketing and sales promotion supervision. The Port Authority Trading Company offers these services at no charge until a sale is made, then a modest commission on sales is charged, prenegotiated with the company they serve.

Companies with which contracts have been signed or are being negotiated represent a wide range of products in the following categories: apparel/furs; chemicals; food; food processing equipment; furniture; medical equipment; paper; technology-intensive products; seafood. The Trading Company anticipates that from 60 to 100 companies will be participating by the end of March 1983. If their projections are borne out, they project sales of $20 million by the third year of operation, generating hundreds of new jobs for the New York/New Jersey region. The next critical stage of their work is to establish a revolving source of medium and short-term export loans for their companies which will enable them to match the export financing which is available to their foreign competitors. To this end, they have submitted legislation to the Governors of New York and New Jersey which would have among its purposes the authorization of the Port Authority to finance the sales (including taking title to goods) generated by the Trading Company.

AWI Trading Company and Consultants, Inc.
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AWI Trading Company and Consultants, Inc. is an international marketing firm and consulting group which assists U.S. manufacturers and distributors in marketing their products abroad. This organization represents one example of a new Minority Business Development Agency program, established to assist minority firms in 15 cities throughout the country, to increase their participation in international trade. The program, called MBDA International Trade Technical Assistance Program, calls on subcontractors such as AWI to provide the following services to qualified minority firms:

- foreign market development - including market research to identify markets where there is demand and need for products, and locating distribution channels which can effectively target the products to sales-generating outlets;

- export promotion - including development of brochures, catalogues and other advertising materials to aid overseas sales, and participation in trade fairs and exhibitions in key worldwide markets to optimize product exposure;

- trade finance counselling - including helping firms structure trade financing for proposals, identifying export financing sources, counselling on collection of payments and the use of letters of credit and other export instruments;

- export execution processing - including instruction on proper shipping documents, pro-forma invoicing, all of the technical items necessary to complete an international trade deal.

The program is available to minority-owned firms which are manufacturing, assembling, packaging or distributing products under their own names or brands and, in the AWI case, are located in New York City or Newark, New Jersey.

Massachusetts Port Authority
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The Massachusetts Port Authority (MASSPORT) is headquartered in Boston and was created 20 years ago by the Massachusetts Legislature to manage, operate and further develop airport, port and bridge properties in the Greater Boston area.

Four years ago, MASSPORT, in conjunction with the Smaller Business Association of New England, began an export marketing and technical assistance program tailored to the needs of small New England companies interested in export trade.

The program helps new-to-export companies understand the peculiarities of marketing and selling overseas and helps eliminate confusion about the mechanics of exporting.

It introduces small companies to export marketing by:

- providing research and assistance to determine the nature of a company's export potential;
- identifying and contacting potential customers, distributors, agents and license partners for a company's products;
- analyzing distribution routes and the cost of shipping to foreign markets;
- organizing trade missions, primarily in Western Europe;
- Providing financial loan assistance towards trade mission costs for businesses selected for participation in the trade missions.

The selection of a company to participate in the program is done on the basis of the export potential of their product, their financial history and available financial and operational resources to meet increased production demands, and management's commitment and ability to become an exporter.

The program has resulted in significant export sales and profits for companies participating in the program. To date, 65 firms have participated in eleven trade missions which have resulted in $10 million in export sales.

-Public/Private Partnerships-

Connecticut Urban Enterprise Zone

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The State of Connecticut, in July 1982, became the first state in the U.S. to enact an Urban Enterprise Zone law, and designated Enterprise Zones in Bridgeport, Hartford, New Haven, New Britain, New London and Norwalk. Connecticut's Urban Enterprise Zone law broadens and intensifies incentives available under the State's Urban Jobs Program to eligible manufacturing, commercial/retail and residential projects in the six Enterprise Zones. The Act also contains a special incentive for workers living in the zones or CETA-eligible residents of the zone municipality in the form of Employment and Training Vouchers.

Specific features of the Act include, for those manufacturers undertaking new job-creating investments in Urban Enterprise Zones, the following incentives:

- low interest venture capital and small business loans with a ceiling of $100,000 per loan for manufacturers;
- a 50% reduction in state corporate business tax for ten years, provided that 30% of the firm's employees are residents of the zone or are CETA eligible municipal residents;
- a $1,000 grant for each new job created, provided that 30% of the firm's employees are residents of the zone or are CETA eligible municipal residents;
- an 80% abatement of local property taxes for five years;
- a state sales tax examption on replacement parts for machinery used in manufacturing;
- exemption from real estate conveyance tax;
- special job-training benefits to employers for workers who live within the zone and who are certified with an Enterprise Zone Voucher by the State Department of Labor.

Commercial/retail businesses are eligible for a seven-year graduated deferral of any increase in taxes attributable to improvements on real property. The deferral schedule is determined by the Enterprise Zone Act. Such businesses are also eligible for $50,000 venture capital and small business loans, job-training and real estate conveyance tax benefits as noted for manufacturers.

Of special interest is Science Park of New Haven, which is part of the Enterprise Zone designated by Governor O'Neill for New Haven in October 1982. The Science Park Development Corporation, a non-profit corporation, is marketing the property for a community of companies engaged in research and development and the promotion of new scientific and technological products, processes and related manufacturing. The Science Park Development Corporation serves as liaison between Science Park companies and Yale University's Office of Cooperative Research, thus representing a university-private-public partnership within the context of an Urban Enterprise Zone.

In addition to Enterprise Zone benefits, businesses locating in the Science Park area are eligible for the following benefits:

- a wide range of lending programs such as IRBs, SBA 503, low cost working capital loans through the Connecticut Development Authority;
- the city of New Haven and the State of Connecticut will prepare a ready-to-build site in the Science Park area including utilities, streets, lights, and sanitary storm sewers, in place at no cost to prospective businesses;
- the New Haven Development Corporation will be making available debt and equity for Science Park companies' financings.

City Venture Corporation
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Background:

City Venture Corporation is a for-profit corporation formed in 1978 by a consortium of corporations and churches. Its purpose is to address the unmet needs of people who live in economically depressed communities. This is accomplished through the development of a network that will ensure the start-up and growth of small businesses, thereby increasing job opportunities for neighborhood residents.

City Venture's stockholders created City Venture to be unique in both concept and operation, to be an entity that works to redevelop a community. Its efforts are based on assisting a community become more economically self-sufficient so that it can respond from within to its changing needs, without continually depending on government programs or corporate philanthrophy.

Key Focus: The Small Business Network:

City Venture's primary goal is to assist distressed communities achieve local economic self-sufficiency. This is difficult, time-consuming work, in that it:

- requires participation and cooperation of many people from diverse areas,
- operates in an area of greatest economic need that may have been on the decline for a long period of time,
- is not a quick fix but a long and arduous process which often requires at least three to five years of continuous involvement by both the public and private sectors.

The network itself places the greatest emphasis on the formation and growth of small businesses. Techniques for creating small businesses need to be augmented by programs that enhance existing businesses, and also by traditional industrial development.

Key elements to the network involve:

- Entrepreneur/Business Identification Program, is a proactive program, which seeks out, pre-screens and identifies potential entrepreneurs, matching them with prospective new business opportunities. The Business Identification Program focuses on identifying the potential businesses that could do well in an area as well as spin-offs from existing businesses and procurement opportunities.
- A Small Business Advisory Office, which provides small business with management skills and expertise to overcome the obstacles faced by new business enterprises in their critical start-up phase. This Advisory Office helps small businesses develop business plans and secure adequate financing. It is a professionally managed program which utilizes a volunteer network of specialists to assist small businesses in the following ways:
- evaluates new products or services for viability in an identified market;
- guides the creation of the company's business plan which serves as a blueprint during the first years of operation;
- helps to assemble a management team with combined talents, experience and know-how to implement the plan; and
- provides assistance in locating financing for the new business.

- A Start-up Capital Fund, which provides working capital to meet the start-up needs of small businesses. This accessibility to capital can be funded in a number of ways, including the use of pension funds and individual investments.
- Small Business Incubator, a business itself which provides inexpensive space in a new or rehabilitated facility and all necessary services for the small business person. This easy access to services at critical points in the growth of local small businesses is the key ingredient to their successful incubation.
- Linkages to existing and potential job support programs including education and training, day care, health and security are also a vital part of the overall network.

Initiative, leadership and management skills must be provided by the private sector in cooperation with government and community groups to ensure the success of the Small Business Network.

Bank-Sponsored Community Development Corporations

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Community Development Corporations (CDC's), are local associations of residents and businesses organized to attack problems of unemployment and disinvestment by developing underutilized resources--land, labor, capital and entrepreneurial talent. The CDC's can acquire, rehabilitate, construct, manage, sell and promote real property in their target communities, as well as make equity investments in development projects and local businesses. CDC's in general can provide a wide array of development services in the neighborhood, such as loans and grants, technical assistance and finance, counseling, market studies and feasibility analysis.

Through the Comproller of the Currency's interpretive ruling 7.7480, national banks can create or invest in Community Development Corporations. By creating or investing in a CDC, banks bring their resources and knowledge of local markets to bear and enhance the capability of the CDC to support revitalization and new business development efforts. Bank involvements in CDC's have varied. Some banks have established CDC's as wholly-owned subsidiaries and have provided initial capitalization and extened lines of credit. In other cases, banks have joined with other financial institutions and/or development agencies to take a share of ownership in the corporation. CDC's can be either for-profit or non-profit.

Because CDC's are permitted to engage in activities normally prohibited to national banks, the Comptroller of the Currency ensures that bank-affiliated CDC's conform to the following guidelines:

- CDC activities must be designed to substantially benefit small businesses or low and moderate income residents of the project area to ensure that the predominantly civic, community and public nature requirement of the law is fulfilled.

- There must be ample community involvement in both the CDC process and its activities.

- Any income from the CDC should be reinvested in community development projects.

- Banks must consider entrepreneurial skills when selecting CDC personnel.

Since 1978, the Office of the Comptroller of the Currency has authorized 13 national banks in ten states to establish stand-alone CDC's. These include the North Carolina National Bank Community Development Corporation, First Chicago Neighborhood Development Corporation, Mercantile Community Development Corporation, and the Fayetteville Community Development Corporation.